



**DEPARTMENT OF VETERANS AFFAIRS
Regional Office
P O Box 50830
New Orleans, Louisiana, 70150-0830**

November 1, 1998

321/263

Sales Brokers

Welcome to the Department of Veterans Affairs Property Sales activity. Our sales manual has been revised and we hope that it will serve for quick reference for information needed to sell our properties. As changes to the program arise they will be disseminated either through mass mailing or as a "Special Notice" included in the Newspaper Multiple Sales Listing. Please insert future changes and your manual will always be current.

Our office has established an Internet website @ www.va-louisiana.com. The site contains listing information, photos of properties, purchase offer forms which may be downloaded and printed, and a copy of this manual. In addition, VA has a 24 hour computer-based Information System which may be accessed via your computer and modem. The telephone number for accessing this system is (504) 589-3900. We also have a PROPERTY INFORMATION LINE, 1-800-9VABUYS (982-2897) which provides property information via any touch-tone telephone. This line is available 24 hours-a-day and provides information on specific properties as well as the VA sales program in general. Callers may also request a copy of our current listing be faxed directly to them.

Our program offers up to a 6% base commission paid direct to the selling broker, plus bonus available on certain properties, fixed interest rates, reasonable closing costs and seller financing on qualified properties.

We encourage your active participation in our program and solicit your constructive comments, both pro and con, in writing. We need your services to make our program work and look forward to working with you.

Sincerely,

CLEVELAND S. BELL
Loan Guaranty Officer

RESERVATION AND RESCISSION - VA reserves the right to alter or revoke the policy, procedures, instructions, arrangements or guidance outlined herein without prior notice.

ALL PREVIOUS ISSUES ARE HEREBY RESCINDED.

TABLE OF CONTENTS

I. GETTING STARTED -

POLICY	4
Executive Order 11063 - Equal Opportunity in Housing.....	4
EQUAL HOUSING.....	8
OPPORTUNITY	8
BROKER PURCHASE OF VA PROPERTY	8
FINANCIAL ASSISTANCE TO PURCHASERS.....	8
ADVERTISING.....	8
FORMS	9
KEYS	9
OPEN HOUSE.....	10
SALES LISTING (MULTIPLE).....	10
SALES LISTING EXCLUSIVE.....	11
SIGNS	11
TRAINING SEMINARS.....	11
SHELTER FOR HOMELESS VETERANS -	12

WRITING AND SUBMITTING YOUR OFFER

SUBMISSION OF OFFERS.....	13
FAXED OFFERS.....	13
ACCEPTANCE OF OFFERS CRITERIA	13
BACK UP OFFERS	13
AFFILIATES	13
EARNEST MONEY DEPOSITS	14
EARNEST MONEY DEPOSIT REFUNDS	15
SALES COMMISSIONS	15
TERMITE CERTIFICATES	15
COSIGNERS	15
CASH DISCOUNTS	16
GUARANTEED FINANCING	16
ASSUMPTION OF VENDEE LOANS	16
POSSESSION PRIOR TO SALES CLOSING.....	17
POWER OF ATTORNEY.....	17
REPAIRS.....	17
TITLE	18
VETERANS PREFERENCE	18
WITHDRAWAL OF OFFERS TO PURCHASE.....	18
HIGHEST NET RETURN PROCEDURE.....	18

CASH OFFERS

CALCULATING HIGHEST NET RETURN	19
CASH OFFERS	19
CASH DISCOUNTS	19
GUARANTEED FINANCING	19
CASH OFFERS PROCESSING	20
CLOSING COSTS	20

TERMS OFFERS

CALCULATING HIGHEST NET TO VA	20
TERMS OFFERS.....	21
FUNDING FEE.....	21
INTEREST RATES	22
TERMS OFFER PROCESSING	22
TERMS SALE CLOSING.....	22
CREDIT ANALYSIS (VA FINANCING)	23
BANKRUPTCY	23
FORECLOSURES	23
FEDERAL DEBTS	24
HAZARD INSURANCE	24
TAXES	24
INSTALLMENT DUE DATE.....	24
PREPAYMENT OF LOAN BALANCE.....	24
INVESTMENT PURCHASERS	25

POLICY

VA owned properties are available for sale to anyone: veterans, non-veterans, home buyers and investors alike.

All VA properties are for sale "AS IS". This sales policy must be explained to all purchasers. The "Offer to Purchase and Contract of Sale", VA Form 26-6705, includes a statement over the signature of the purchasers offering to purchase and accept the property in its present condition. They should understand they are buying a "used" home without warranty of any kind or promise of any corrected work by VA after sale is closed. This is true even though the house may have been redecorated or repaired before the sale by VA. No representation or warranty as to the condition is made or intended on any property sold by VA. VA is not responsible for any corrective repairs or adjustments after the sales closing. Brokers must follow this policy in all contacts with prospective purchasers or buyers of VA property.

Brokers are responsible for following VA policy and instructions and for keeping VA informed of any knowledge they have or may acquire concerning the qualifications or intent of a prospective purchaser which has not been made known to VA. Withholding of such information may result in disciplinary action, including suspension from participation in the sale of VA properties.

Properties should not be entered until and unless they are listed for sale. New properties in our inventory may not be listed for up to 90 days following assignment. Please advise prospective purchasers of this policy.

All persons entering a VA owned property must sign the property inspection record. Failure by agents to do so could result in action by this office.

There must be no use of toilet facilities. Care must be taken to avoid litter. Cigarette butts and matches should not be deposited in sinks or bath fixtures. Brokers' or sales persons' cards literature must not be left in the property. Make sure all doors and windows are securely fastened before leaving. Any condition adversely affecting the property protection or sale should be reported to the Management Broker or the VA immediately.

VA makes no representation or warranty concerning the condition of the property or equipment. Responsibility of VA will cease and the buyer's responsibility will begin at the time of passing of title.

No broker or salesperson is authorized to make warranties or statements to prospective purchasers regarding repairs VA will make on a property being sold. *The decision to repair or not repair VA owned properties is the sole prerogative of VA. There is to be no assumption on the part of any broker or salesperson that VA will make any repairs to the property, dwelling, equipment or fixtures.*

In all cases, just prior to settlement and delivery of the property, sales brokers, or their representatives, in company with their purchasers, must make a final inspection of the property in order to ascertain the condition of the property. At this time, all VA materials must be picked up and delivered to the VA Management Broker to obtain both a receipt for the materials (which the Sales Broker will need to receive the commission) as well as the keys to the property.

VA reserves the right to alter or revoke the policy, procedures, instructions, arrangements or guidance outlined herein without prior notice.

Executive Order 11063 - Equal Opportunity in Housing

WHEREAS the granting of Federal assistance for the provision, rehabilitation, or operation of housing and related facilities from which Americans are excluded because of their race, color, creed, or national origin is unfair, unjust, and inconsistent with the public policy of the United States as manifested in its Constitution and laws; and

WHEREAS the Congress in the Housing Act of 1949 has declared that the general welfare and security of the Nation and the health and living standards of its people require the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family; and

WHEREAS discriminatory policies and practices based upon race, color, creed, or national origin now operate to deny many Americans the benefits of housing financed through Federal assistance and as a consequence prevent such assistance from providing them with an alternative to substandard, unsafe, unsanitary, and overcrowded housing; and

WHEREAS such discriminatory policies and practices result in segregated patterns of housing and necessarily produce other forms of discrimination and segregation which deprive many Americans of equal opportunity in the exercise of their unalienable rights to life, liberty, and the pursuit of happiness; and

WHEREAS the executive branch of the Government, in faithfully executing the laws of the United States which authorize Federal Financial assistance, directly or indirectly for the provision, rehabilitation, and operation of housing and related facilities, is charged with an obligation and duty to insure that those laws are fairly administered and that benefits thereunder are made available to all Americans without regard to their race, color, creed or national origin:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and laws of the United States, it is ordered as follows:

PART I - PREVENTION OF DISCRIMINATION

SECTION 101. I hereby direct all departments and agencies in the executive branch of the Federal Government, insofar as their functions relate to the provision, rehabilitation, or operation of housing and related facilities, to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin.

(a) in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for

residential use), or in the use or occupancy thereof, if such property and related facilities are-

(i) owned or operated by Federal Government, or

(ii) provided in whole or in part with the aid of loans, advances, grants, or contributions hereafter agreed to be made by the Federal Government, or

(iii) provided in whole or in part by loans hereafter insured, guaranteed, or otherwise secured by the credit of the Federal Government, or

(iv) provided by the development or the redevelopment of real property purchased, leased or otherwise obtained from a State or local public agency

receiving Federal financial assistance for slum clearance or urban renewal with respect to such real property under a loan or grant contract hereafter entered into; and
(b) in the lending practices with respect to residential property and related facilities (including land to be developed for residential use) of lending institutions, insofar as such practices relate to loans hereafter insured or guaranteed by the Federal Government.

SEC. 102. I hereby direct the Department of Housing and Urban Development and all other executive departments and agencies to use their good offices and to take other appropriate

litigation, if required, to promote the abandonment of discriminatory practices with respect to residential property and related facilities heretofore provided with Federal financial assistance of the types referred to in Section 101(a)(ii), (iii), and (iv).

PART II - IMPLEMENTATION BY DEPARTMENTS AND AGENCIES

Sec. 201. Each executive department and agency subject to this order is directed to submit to the President's Committee on Equal Opportunity Housing established pursuant to Part IV of this order (hereinafter sometimes referred to as the Committee), within thirty days from the date of

this order, a report outlining all current programs administered by it which are affected by this order.

Sec. 202. Each such department and agency shall be primarily responsible for obtaining compliance with the purposes of this order as the order applies to programs administered by it; and is directed to cooperate with the Committee, to furnish it, in accordance with law, such information and assistance as it may request in the performance of its functions, and to report to it as such intervals as the Committee may require.

Sec. 203. Each such department and agency shall, within thirty days from the date of this order, issue rules and regulations, adopt such procedures and policies, and make such exemptions and exceptions as may be consistent with law and necessary or appropriate to effectuate the purposes of this order. Each such department and agency shall consult with the Committee in order to achieve such consistency and uniformity as may be feasible.

PART III - ENFORCEMENT

Sec. 301. The Committee, any subcommittee thereof, and any officer or employee designated by an executive department or agency subject to this order may hold such hearings, public or private, as the Committee, department, or agency may deem advisable for compliance, enforcement, or educational purposes.

Sec. 302. If any executive department or agency subject to this order concludes that any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) or any State or local public agency has violated any rule, regulation, or procedure issued or adopted pursuant to this order, or any non-discrimination provision included in any agreement or contract pursuant to any such rule, regulation, or procedure, it shall endeavor to end and remedy such violation by informal means, including conference, conciliation, and persuasion unless similar efforts made by another Federal department or agency have been unsuccessful. In conformity with rules, regulations, procedures, or policies issued or adopted by it pursuant to Section 203 hereof, a department or agency may

take such action as may be appropriate under its governing laws, including, but not limited to the following:

It may-

a. cancel or terminate in whole or part any agreement or contract with such person, firm, or State or local public agency providing for a loan, grant, contribution, or other Federal aid, or for the payment of a commission or fee;

b. refrain from extending any further aid under any program administered by it and affected by this order until it is satisfied that the affected person, firm, or State or local public agency will comply with the rules, regulations, and procedures issued or adopted pursuant to this order, and any nondiscrimination provisions included in any agreement or contract;

c. refuse to approve a lending institution or any other lender as a beneficiary under any programs administered by it which is affected by this order or revoke such approval if previously given.

Sec. 303. In appropriate cases executive departments and agencies shall refer to the Attorney General violations of any rules, regulations, or procedures issued or adopted pursuant to this order, or violations of any nondiscrimination provisions included in any agreement or contract, for such civil or criminal action as he may deem appropriate. The Attorney General is authorized to furnish legal advice concerning this order to the Committee and to any department or agency requesting such advice.

Sec. 304. Any executive department or agency affected by this order may also invoke the sanctions provided in Section 302 where any person or firm, including a lender, has violated the rules, regulations, or procedures issued or adopted pursuant to this order, or the nondiscrimination provisions included in any agreement or contract, with respect to any program affected by this order administered by any other executive department or agency.

PART IV - ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL OPPORTUNITY IN HOUSING

Sec. 401. There is hereby established the President's Committee on Equal Opportunity Housing which shall be composed of the Secretary of the Treasury; the Secretary of Defense; the Attorney General; the Secretary of Agriculture, the Housing and Home Finance Administrator; the Administrator of Veterans Affairs; the Chairman of the Federal Home Loan Bank Board; a member of the Committee by direction of the President, and such other members as the President shall from time to time appoint from the public. The member assigned by the President from the staff of the Executive Office shall serve as the Chairman and Executive Director of the Committee. Each department or agency head may designate an alternate to represent him in his absence.

Sec. 402. Each department or agency subject to this order shall, to the extent authorized by law (including S214 of the Act of May 3, 1945, 59 Stat 134 (31 U.S.C. 691)), furnish assistance to and defray the necessary expenses of the Committee.

PART V. POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL OPPORTUNITY HOUSING

Sec 501. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules. It shall; (a) adopt rules to govern its deliberation and activities; (b) recommend general policies and procedures to implement this order; (c) consider reports as to progress under this order; (d) consider any matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. A report to the President shall be made at least once annually and shall include references to the actions taken and results achieved by departments and agencies subject to this order. The Committee may provide for the

establishment of subcommittees whose members shall be appointed by the Chairman.

Sec 502. (a) The Committee shall take such steps as it deems necessary and appropriate to promote the coordination of the activities of departments and agencies under this order. In so doing, the Committee shall consider the overall objectives of Federal legislation relating to housing and the right of every individual to participate without discrimination because of race, color, creed, or national origin in the ultimate benefits of the Federal programs subject to this order.

(b) The Committee may confer with representatives of any department or agency, State or local public agency, civic, industry, or labor group, or any other group directly or indirectly affected by this order; examine the relevant rules, regulations, procedures, policies, and practices of any department or agency subject to this order and make such recommendations as may be necessary or desirable to achieve the purposes of this order.

(c) The Committee shall encourage educational programs by civic, educational, religious, industry, labor, and other non governmental groups to eliminate the basic cause of discrimination in housing and related facilities provided with Federal assistance.

Sec. 503. The Committee shall have an executive committee consisting of the Committee's Chairman and two other members designated by him from among the public members. The Chairman of the Committee shall also serve as Chairman of the Executive Committee. Between meetings of the Committee, the Executive Committee shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee to the extent authorized by it.

PART VI - MISCELLANEOUS

Sec. 601. As used in this order, the term "departments and agencies" includes any wholly-owned or mixed ownership Government corporation, and the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories of the United States.

Sec. 602. This order shall become effective immediately.

John Fitzgerald Kennedy

The White House,
November 20, 1962.

(F.R. Doc 62-11689; Filed, Nov. 21, 1962;
1:20pm.)

EQUAL HOUSING

OPPORTUNITY

It is the policy of VA not to discriminate against any prospective purchaser or tenant because of race, color, religion, sex, or national origin.

Discrimination in the sale of housing is prohibited by Federal Laws. See 26-6705 Joint HUD-VA Nondiscrimination Certification.

BROKER PURCHASE OF VA PROPERTY

Brokers in their normal activities desiring to purchase property securing VA loans or properties on which VA holds a loan shall conduct the transaction in keeping with standards expected of reputable and ethical Real Estate operators. In any such case, no unfair advantage may be taken of the seller. Any Broker who purchases such property will be expected to promptly record the transaction, report the transfer to the mortgage holder, and make the payments due. Failure to

comply with this will be considered an unfair marketing practice in accordance with VA policy and appropriate action will be taken accordingly. Brokers conveying title to such property will be expected to convey to any assumption who can reasonably be expected to make payments when due. (See "Assumption of Vendee Loans", Pages 4 and 5.)

FINANCIAL ASSISTANCE TO PURCHASERS

Brokers, who either directly or through their associates, firm members, or sales staff, have assisted or plan to assist a prospect in obtaining cash for the down payment, closing costs, or prepaid item must fully disclose the details of such assistance at the time the offer is submitted. This includes trades, equity purchases, and loans, as well as gifts and/or other financial assistance. Failure to comply with this requirement will result in exclusion

from participation in VA sales programs and other action will be taken as deemed necessary.

ADVERTISING

Sales Brokers are encouraged to advertise VA properties for sale. However, ads will not use the terms "Foreclosed or Repossessed", and no inference can be made to the company as listing agent. All advertising of the sale of VA-owned properties will contain the Equal Housing Opportunity logo, slogan or statement, in proportional size as prescribed below. When advertising appears in several places, the logo or slogan must be contained in each advertisement.

a. Equal Housing Opportunity slogan --
"EQUAL HOUSING OPPORTUNITY".

b. Equal Housing Opportunity statement --
"We are pledged to the letter and the spirit of the United States policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which

there are not barriers to obtaining housing because of race, color, religion, sex or national origin."

- c. Equal Housing Opportunity logo –



An advertisement which contains any of the "triggering terms" listed below must include the amount or percentage of the down payment, the terms of repayment, and the APR (annual percentage rate), using that term. The triggering terms for mandatory disclosure are:

- Amount or percentage of any down payments.
- Number of payments or period of payment.
- Amount of any payment.
- Amount of any finance charge.

The mandatory disclosure may be in the form of an example of a typical extension of credit with a statement of applicable terms.

An advertisement may state only those credit terms which are actually available. While VA financing may not be available for all of the properties listed in an advertisement, it is acceptable to state in a multiple-property advertisement that VA financing is available if this is true for some of the properties. However, advertisement of a property or a group of properties for which VA financing will not be considered may not include such a statement. Depending on the medium, some advertisements will contain specific financing details and will trigger full disclosure. In other cases, a 10 second radio spot for example, it may be necessary to avoid the specifics. The following terms may be used in advertisements if actually available: low down payment, low closing costs, low cost VA financing available, fixed-rate loans, attractive interest rates, up to 30 years and similar nonspecific terms.

FORMS

Supplies of VA Form 26-6705, Offer to Purchase and Contract of Sale, and VA Form 26-6705b, Credit Statement of Prospective Purchaser will be mailed to the Broker upon request. You may make request either in writing or by faxing your request to (504)589-4735. Forms will not be routinely issued to persons visiting the Regional Office. **Forms may also be downloaded from our Internet Site at www.va-louisiana.com.**

Please make every effort to place orders prior to depleting existing stocks.

The Verification of Employment form and the Verification of Deposit forms may be obtained direct from the Government Printing Office. There is a nominal charge for these forms. Please see the order form in the exhibits section

KEYS

Most VA owned properties are secured with a Kwikset Master Lock. Occasionally a property will be secured with a Lockbox if required. Keys are provided to program participants upon receipt of a copy of his/her current Real Estate License and may be reproduced. Keys will be returned to VA upon demand. Brokers shall not permit unauthorized individuals to use the keys. Master locks are usually on front entry doors; however, in a few houses, they will be on the rear or side doors because of the type of front entry door on the property. *Keys must not be released to prospects to visit properties unaccompanied.*

Immediately prior to sale and delivery of the property to the purchaser, sales brokers or their representatives, must pick-up all VA materials from the property and deliver to the VA Management Broker. The Sales Broker will receive not only a receipt for the VA materials needed to obtain the sales commission, but also a new key for the property to provide to the purchaser. If on Master Lock, the new key will change the tumblers once inserted and the VA master key will no longer work.

OPEN HOUSE

Brokers may request to hold an Open House on any property listed first come. All properties listed within a bid period become eligible for open house on the Friday following the closing of the bid period. Open house should be limited to two days and requests may be made by telephone. There must be confirmation by the VA Realty Specialist prior to holding open house. All brokers are invited to participate on a rotating basis.

NEWSPAPER SALES LISTING (MULTIPLE)

Sales activities prior to receipt or publication of a sales listing are not authorized. Properties are not to be entered or shown until receipt or publication of a sale and must not be entered or shown until the property is relisted. Offers should not be submitted prior to listing nor should offers be taken or earnest money accepted and held pending a sales listing.

Prospective purchasers may submit only one offer on a property he/she intends to occupy as his/her residence. VA must receive a letter of withdrawal before an offer on a different property may be considered; unless it is made known, such offer will not be his/her residence.

Properties in all areas of the state are listed by VA in newspapers on the second Wednesday of each month. VA-acquired properties are listed by area in the following newspapers: New Orleans Times Picayune, Baton Rouge Advocate, Shreveport Times, Alexandria Town Talk, Lake Charles American Press, Leesville Leader, Lafayette Advertiser, Beauregard Daily News and the Monroe News Star. The Multiple Sales Listing will be issued at least once monthly and Special listings will be issued periodically. Each Newspaper Multiple Sales Listing contains special

instructions and will contain notices of program and procedural changes when made. All Agents and Brokers interested in being placed on our mailing list should forward a request with a copy of his/her current Real Estate License to our office.

Occasionally, in order to expedite the listing of a property, an Individual Sales Listing, titled, Sales Listing- Loan Guaranty Division, VA Form 26-6704, will be issued. Properties listed in this manner are offered on the same terms and conditions as our newspaper listing unless otherwise noted.

All offers, received within the simultaneous bid period for New listings, will be considered to have been received simultaneously. The offer which is in the best interest of the VA will be selected for processing.

After the close of the simultaneous bid period, we will accept for processing the first offer received which is in the best interest of the VA. All offers received on Still Available listings will be considered as received on first come first serve basis.

All Veterans Administration newspaper sales listings are subject to the following conditions:

1. Prices and terms quoted on Subject to Offers Listings are subject to lower offers. Acceptability of lower offer is determined by VA on a case-by-case basis.
2. Properties are subject to prior sale, withdrawal from the market, or change without notice.
3. All listings are "AS IS" unless specifically stated otherwise in the listings. VA makes no warranty, representation, or guaranty as to present or future condition of any property, its fixtures or equipment.
4. Listings are subject to any statement of facts an accurate survey would show; to existing covenants, easements, conditions, restrictions, and agreements affecting the

property, insofar as the same may now be in force and effect and to limitation of title or use.

All transactions are subject to the provisions of VA Form 26-6705 and VA Form 26-6705b, our newspaper listings, and the provisions contained in this release and any special notices or bulletins.

The following codes are listed under special conditions on the monthly newspaper sales listing. The explanations are given here and on each month's listing and is believed to be accurate, but should never take the place of a visit to the property.

- A - All cash only; VA will not carry financing .
- B - Bonus of \$500 will be paid in addition to regular 6% commission
- D - Defective Paint conditions exist. This property may have been built before 1978. (Refer to Lead Based Paint Section in this manual).
- C - Condominium
- F - Property flooded in past
- M - Minimum Property Requirements are met as set by VA
- R - Repairs, VA will make no repairs to property including systems
- T - Townhouse
- X - New roof has been or will be installed at VA's expense.
- I - Flood insurance required
- S - Systems repairs will be completed by VA prior to closing. Systems includes the Electricity, Plumbing and Septic systems if applicable. A/C & Heating systems will not be serviced as a part of systems repairs.

Issuance of sales listings will be made concurrently to all participating sales brokers within the effective area of properties to guard against charges that preference is being given to one broker over another competing broker. Therefore, VA will not divulge to any broker or other person any information concerning list price or other proposed terms of sale prior to publication of the newspaper listing.

SALES LISTING EXCLUSIVE

An exclusive sales listing will be granted only in the exceptional case when clearly justified as being in the best interest of VA; for example, when due to the remote location of the property, unusual sales efforts are required, the specialized character of the property, or for other reasons, the best results will be obtained by listing the property for sale exclusively with one broker.

Exclusive listings will be considered on a case by case basis upon receipt of written request.

SIGNS

Brokers will not post any "FOR SALE" or "SOLD" signs on VA acquired properties, except as provided herein.

VA Property Management Brokers are required to place a VA "FOR SALE" sign on each property assigned to him/her. Managing brokers are also required to place the PM case number and their company name and phone number on the VA Form 26-6706 WARNING" sign for assistance in cases of emergency. ALL SIGNS AND OTHER VA MATERIALS ARE TO BE RETURNED TO THE VA MANAGEMENT BROKER ONE DAY PRIOR TO ACT OF SALE. A RECEIPT WILL BE ISSUED TO THE SALES BROKER/AGENT WHICH IS NEEDED FOR RELEASE OF SALES COMMISSION.

TRAINING SEMINARS

Training classes are held several times a year throughout the state and have been approved for 3 hours of continuing education through the Louisiana Real Estate Commission. All sessions are announced as a Special Notice in the newspaper sales listing or as a separate special announcement in the newspaper.

SHELTER FOR HOMELESS VETERANS -

The Homeless Program section of the Veterans' Home Loan Program Improvements and Property Rehabilitation Act of 1987 authorizes VA to sell acquired properties to any State or political subdivisions of the state, or *to nonprofit organization working on behalf of homeless persons* and who provide certain agreements to VA.

Among nonprofit organizations, preference will be given to those organizations named in, or approved by the Administrator under section 3402 of title 38, U.S. Code; e.g., American Red Cross, American Legion, Disabled American Veterans, United Spanish War Veterans, Veterans of Foreign Wars, etc. If more than one organization eligible for preference under this program expressed an interest in the same property, priority will be given to the organization whose acceptable offer is the first received.

If a prospective purchaser expresses an interest in a property, but is not named in, or approved as outlined above, the prospective purchaser must also provide VA with written evidence which demonstrates an ability to provide assistance to and current involvement in assisting the homeless.

Under the provisions of section 9(a) of the Act, the entity to which a property is sold must agree to the following:

- a. To utilize the property solely as a shelter primarily for homeless veterans and their families;
- b. To comply with all zoning laws relating to the property;
- c. To make no use of the property that is not compatible with the area where the property is located; and
- d. To hold VA harmless regarding any liabilities arising from or subsequent to the sale of the property.

Most VA acquired properties are eligible for purchase under the Homeless Program as follows:

Number of Months Listed for sale	Percent of Reduction from the Listing Price for Cash
3 or more	50
2 - 3	35
1 - 2	20
1 or less (or not yet listed)	5

Example: If an eligible property has been listed for sale by VA for at least 1 month but less than 2 months, and the latest listing price for cash is \$40,000, then the sales price to an eligible homeless provider will be 20 percent less than \$40,000, or \$32,000.

To be otherwise eligible for sale at a discount to homeless providers, a VA acquired property must be vacant, with title completely transferred to VA but without repairs in progress or a purchase offer pending. Additionally, a VA acquired property cannot be sold at a discount under this program if VA has reason to believe that the property could be sold through regular sales procedures at a price sufficient to reduce the debt of the previous veteran owner. If a property was built prior to 1978, VA must comply with requirements concerning inspection and treatment of defective paint surfaces and warning notices concerning lead paint hazards.

Although most properties on the sales listing are eligible for purchase under the homeless program, the sales listing will not indicate the amount or the percentage of the VA homeless program discount for particular properties. If you are interested in purchasing a particular property at a discounted price under the homeless program, you should contact VA to ascertain the amount of the current homeless program discount for that property, provided it remains available for sale after the period of holding competing purchase offers.

SUBMISSION OF OFFERS

All offers must be submitted directly to the Department of Veterans Affairs, 701 Loyola Avenue, Second Floor Room 20-40, New Orleans, LA 70113 or mailed to: Department of Veterans Affairs, P. O. Box 50830, New Orleans, LA 70150-0830. Please check the current newspaper sales listing for deadlines for submission.

FAXED OFFERS

To assist sales brokers and/or purchasers who are located *outside the Metropolitan New Orleans (Orleans, Jefferson & St. Bernard)* area to submit timely offers, VA will accept FAXED Offers to Purchase for the purpose of establishing priority of receipt. If the property is located outside the Metro New Orleans area the offer may be faxed.

The broker must complete the VA Forms 26-6705, and 26-6705B, if applicable. Forms should include the signature(s) of the purchaser(s) and the broker, and the broker should collect the Earnest Money Deposit prior to transmitting the offer.

The original offer MUST be received by VA in not more than five (5) calendar days from the date of the faxed offer. Upon receipt by VA, the information on the original contract will be checked against the faxed contract. Any discrepancies will be grounds for rejection. If the original is NOT received within the prescribed five (5) calendar day period, the faxed offer will lose its priority position and the receipt date of the original offer will be the date we consider the offer "received".

Our 24 hour FAX number is (504) 589-4735.

ACCEPTANCE OF OFFERS CRITERIA

The offer received during the simultaneous period with the HIGHEST NET RETURN TO VA will be processed for acceptance. Generally, the VA

will determine the best offer by applying the following criteria in the order listed:

1. The HIGHEST NET RETURN TO VA. This is the amount that VA will receive from the cash offer price or the term offer's "cash equivalent value" after deducting its selling expenses. (sales commissions, sales bonus and any financing and closing costs paid on behalf of the purchaser).
2. Veteran over non-veteran..
3. Purchase for owner occupancy and use.
4. Among offers otherwise equal, time of receipt by VA will determine acceptance.

Following expiration of the simultaneous period, it will be the normal practice of VA to process for approval the first offer with at least the minimum acceptable net return price, terms and conditions stated in the most recent listing.

PLEASE ALLOW 5 DAYS FOR PROCESSING OF OFFERS!!!!

BACK UP OFFERS

VA does not hold back-up offers.

AFFILIATES

Properties owned by VA will not be sold to certain VA employees or to persons furnishing services to VA on a fee or commission basis except as follows:

Purchase offers received from such individuals will not be eligible for consideration until the end of the field station's simultaneous period and then, only if there were not any acceptable non-affiliate offers received during the simultaneous period. If purchase offers are received from more than one VA-affiliate during the simultaneous period, the affiliate offers will be considered as having been simultaneously received. The

affiliate offer that is in the best interest of VA in accordance with the "acceptance of offers criteria - highest net to VA" will be accepted, subject to Central Office approval. These requirements are intended (1) to minimize the possibility of criticism arising out of the sale of VA-owned properties to certain VBA employees and other VA affiliates who may have access to information about the property and its pricing which is not available to the general public (2) to insure that no preference is shown to such purchasers.

The following persons and business entities will be considered to be "VA Affiliates" for purpose of this paragraph :

- a. Loan Guaranty employees at the field station listing the property who are involved in the pricing of VA-acquired properties (including the Loan Guaranty Officer, the Assistant Loan Guaranty Officer, and the Chief of Property Management.
- b. All other VBA employees assigned to the field station listing the property;
- c. The management broker to whom the property has been assigned.
- d. Spouses, parents, in-laws, children, step-children, brothers, and sisters of, and persons who reside with, any of the above, and,
- e. The management broker's partners, employees and sales associates.

Unrestricted sales of VA owned properties are permitted to VA affiliates who purchase a property outside the jurisdictional limits of or commuting distance from the station where the VA employee affiliate is employed or the designated area where the fee personnel affiliate performs services for VA.

During the simultaneous period, no information will be released concerning the receipt of offers from either VA affiliates or non-affiliates.

The payment of real estate commission is authorized in connection with all sales to VA affiliates except when the purchaser is one of the following:

- a. Loan Guaranty employees at the listing station who are involved in the pricing of VA acquired properties. (including the Loan Guaranty Officer, Asst. Loan Guaranty Officer and the Chief of Property Management.

- b. The management broker to whom the property is assigned and partners, employees, and sales associates of the management broker.

- c. Cohabitants and relatives of these VA-affiliates (spouses, parents, in-laws, children, step-children, brothers, and sisters.

The restrictions on payment of sales commissions applies regardless of the sales agent through whom the offer is submitted. No sales commission will be paid to any sales agent when the purchaser falls within one of the restricted categories.

EARNEST MONEY DEPOSITS

The Earnest Money Deposit (minimum \$500.00 per property) required under the terms of the contract ***must be collected with the application*** and held by the Sales Broker for disposition as instructed by VA. If the purchase offer is declined by VA, the sales broker will return the deposit in full to the prospective purchaser(s), without interest. If the purchase offer is accepted by VA, the sales broker will be instructed to transmit the Earnest Money Deposit to VA for retention.

Earnest Money Deposits on Cash-on-hand sales will be retained by the sales broker and refunded at closing.

EARNEST MONEY DEPOSIT REFUNDS

A prospective purchaser of VA property is generally entitled to a refund of the earnest money deposit when his/her offer to purchase is withdrawn prior to VA acceptance of the offer by the execution of VA form 26-6705. Refund will be made upon written authorization by VA when

the Offer to Purchase is withdrawn prior to the acceptance by VA of a formal contract of sale.

After VA has formally accepted the Offer to Purchase, the purchaser generally is not entitled to a refund of the earnest money deposit, and if he or she declines to close the sales transaction, the deposit will be retained by VA.

SALES COMMISSIONS

VA will pay up to a 6% sales commission to the selling broker for the sale of VA owned properties. The minimum commission payable is \$300.00. In an effort to promote sales, some properties are listed with a sales bonus of \$500.00.

These properties are identified by a "B" on each month's listing.

An expedited closing bonus of \$500.00 will be paid on cash sales which close within 15 days of VA's acceptance of the offer. The offer must be identified as "Expedited-Cash on hand" to qualify for this bonus which will be paid direct by VA to the selling broker once the sale has closed. **NOTE: The expedited sales bonus of \$500 on a cash sale is NOT to be deducted from the offered price in arriving at the net return to VA on VA Form 26-6705.**

Cash Sales - Commissions on cash sales may be paid directly from the proceeds of the sale **ONLY WHEN** the sales broker, or representative, has delivered to the closer, the receipt from the VA management broker for VA materials removed from the property.

Terms Sales- Commissions on Vendee (VA Financed) loans are paid outside the sale and will be mailed to the sales broker within 4-6 weeks of closing. Commission checks **WILL NOT BE RELEASED UNTIL** the sales broker or representative has delivered to VA, the commission invoice and the receipt from the VA Management Broker verifying that all VA

materials have been removed from the property and returned to him/her.

TERMITE CERTIFICATES

VA will provide termite certificates **upon request** and will provide for treatment of any active termites. However, no repairs will be made to damage caused by termite in the past.

Certificates must be requested by the agent or broker and may be requested **by telephoning or writing VA direct**. Certificates must be ordered prior to the date of closing and may be picked at the MB's office. VA will not pay for termite certificates ordered from outside sources. Sales Brokers should not order or pay for inspections and/or certificates themselves.

COSIGNERS

On Terms Sales, if the credit risk will not meet VA standards without a cosigner, an application from a cosigner may be considered. Cosigners must be made aware that each prospective purchaser involved in the purchase of a property will be jointly and severally liable for the total indebtedness.

CASH DISCOUNTS

Cash discounts are no longer applied to the list price on the VA Multiple Sales Listing. Please refer to the Highest Net Return Procedure on Page 18.

GUARANTEED FINANCING

If a cash sale is to a veteran and is to be financed through a guaranteed or insured loan, both the veteran and the property must comply with the eligibility and other requirements of Title 38, Chapter 37 and of the regulations.

If a cash sale is financed by a guaranteed, insured or direct loan and the sales price exceeds the reasonable value, it will be necessary for the veteran to pay in cash from his/her own resources a sum equal to the difference, if any, between the purchase price or cost of the property and its reasonable value.

When an acceptable cash offer will be secured by government-guaranteed or insured financing AND the property is believed to meet Minimum Property Requirements (special condition "M"), a Certificate of Reasonable Value may be issued by VA for inclusion with the buyers application to the lender of his/her choice. If this CRV is accepted by the lender in lieu of an appraisal, a compliance inspection will be required prior to closing. The cost of this compliance inspection may be included in the cost to be paid by VA shown on the contract or may be borne by the buyer.

ASSUMPTION OF VENDEE LOANS

Chapter 37, Title 38 United States Code, amended by Public Law 100-689, Veterans Benefits and Program Improvement Act of 1988 requires prior approval by VA of the transfer of a property secured by a vendee loan if the loan is not paid in

full as part of the transfer. This law also permits VA to charge a one-half of 1 percent funding fee for the transfer as well as a fee for processing the approval of the transfer. For all vendee loans which are closed on or after January 9, 1989, the mortgage or deed of trust and the mortgage note, bond, or deed of trust shall conspicuously bear the following:

"THIS LOAN MAY NOT BE ASSUMED WITHOUT THE PRIOR APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT, SUCCESSORS OR ASSIGNS."

The security instrument for vendee loans must also include an acceleration clause in the event of the mortgagor's failure to obtain prior approval of an assumption. The clause will read as follows: This loan may be declared immediately due and payable upon transfer of the property securing such loan to any transferee, unless the acceptability of the assumption of the loan is established either pursuant to the provisions of section 1814 of Chapter 37, Title 38, United States Code, or by the loan holder if the loan has been sold without recourse."

The provisions of 38 U.S.C. 1814, are applicable to all vendee loans closed on or after January 9, 1989, other than those which are subsequently sold without recourse: i.e., those loans which are subsequently sold to an investor without a contract to repurchase the loan in the event of default. In order to implement these provisions, the following clause must be included in the security instrument(s):

- a. "A fee equal to one-half of 1 percent of the balance of this loan as of the date of transfer of the property shall be payable to the Department of Veterans Affairs at the time of the transfer. If the assumer fails to pay this fee at the time of transfer, the fee shall constitute an additional debt to that already secured by this instrument and shall bear interest at the rate herein provided, and, at the option of the payee of the indebtedness hereby secured or any transferee hereof, the full indebtedness shall be immediately due and payable. This fee is

automatically waived if the assumer is exempt under the provisions of 38 U.S.C. 1829(b). The assumer is not obligated to pay this fee if the Department of Veterans Affairs has sold this loan without recourse."

- b. "Upon application for approval to allow assumption of this loan, a processing fee may be charged by the Department of Veterans Affairs or its successors or assigns for determining the credit worthiness of the assumer and subsequently revising the ownership records when approved transfer is completed. The amount of this charge shall not exceed \$300.00."

POSSESSION PRIOR TO SALES CLOSING

It is VA's policy not to allow possession prior to sale closing.

POWER OF ATTORNEY

In cases of absentee purchasers a Specific Power of Attorney may be used. The POA must be specific for the purchase of the subject property. A general POA is unacceptable.

REPAIRS

All VA properties are for sale "AS IS". This sales policy must be explained to all purchasers. The "Offer to Purchase and Contract of Sale", VA Form 26-6705, includes a statement over the signature of the purchasers offering to purchase and accept the property in its present condition. ***They should understand they are buying a "used" home without warranty of any kind or promise of any corrected work by VA after sale is closed.*** This is true even though the house may have been redecorated or repaired before the sale

by VA. No representation or warranty as to the condition is made or intended on any property sold by VA. VA is not responsible for any corrective repairs or adjustments after the sales closing. Brokers must follow this policy in all contacts with prospective purchasers or buyers of VA property.

VA makes no representation or warranty concerning the condition of the property or equipment. Responsibility of VA will cease and the buyer's responsibility will begin at the time of passing of title.

No broker or salesperson is authorized to make warranties or statements to prospective purchasers regarding repairs VA will make on a property being sold. The decision to repair or not repair VA owned properties is the sole prerogative of VA. There is to be no assumption on the part of any broker or salesperson that will make any repairs to the property, dwelling, equipment or fixtures.

All VA properties are offered for sale "AS IS". VA is not responsible for any corrective repairs or adjustments.

Offers submitted with repairs as a part of the contract will be declined. In cases where VA lists a property with repairs to be completed at sale, the purchaser will be required to sign VA Form 26-6705A accepting the completed repairs prior to closing the sale.

All repairs required by the lender on an "ALL Cash Offer" will be the responsibility of the purchaser. The purchaser is not allowed to begin repairs until the following are completed:

1. Forward to VA a copy of the written loan approval and the Hold Harmless Agreement signed by the purchaser and the broker (See Exhibit 3).
2. VA will sign the Hold Harmless Agreement and return.

The purchaser may begin repairs upon receipt of the Hold Harmless Agreement signed by the VA.

TITLE

VA will convey title by Special Warranty Deed. The buyer may be represented by his/her own attorney, to make his/her own title search, or to secure his/her own title insurance, all at his/her own expense. VA does not warrant title.

VETERANS PREFERENCE

VA will not grant preference in the sale of VA-owned properties based on veteran status. When, however, the offer of a veteran is as acceptable as an offer of a non veteran, submitted at the same time considering price and terms, the veteran's offer will be given preferred consideration.

WITHDRAWAL OF OFFERS TO PURCHASE

Any withdrawal of an offer must be made in writing. Any offer withdrawn after acceptance will be subject to review for disposition of the Earnest Money Deposit.

HIGHEST NET RETURN TO VA PROCEDURE (Section II of VA Form 26-6705, Offer to Purchase and Contract of Sale)

To simplify the selection among competing offers and to select the offer which is the most financially beneficial to VA, priority will be given to the offer which provides the HIGHEST NET RETURN TO VA, and which otherwise meets the terms of VA's listing of the property. This procedure is very similar to the calculation prepared on most private sector transactions in order to show the seller what he or she will receive as proceeds of a sale.

The Net Return to VA is the amount that VA will receive from the cash offer price or the term offer's "cash equivalent value" after deducting its selling expenses (sales commissions, sales bonus, NOT expedited sales bonuses, and any financing and closing costs paid on behalf of the purchaser).

The Cash Equivalent Factor is a percentage which is used to convert a VA financed offer amount to its corresponding cash value to VA, and it is based on the market prices periodically received for sold VA vendee loans. The amount of this factor will be calculated periodically and published in our Special Notice attached to the Multiple Sales Listing or as a separate mailing. **THE PRESENT CASH EQUIVALENT FACTOR IS 96 PERCENT.**

The Cash Equivalent Value is the gross cash value of a term offer to VA, and it is determined by applying the Cash Equivalent Factor to the amount of the vendee loan requested, then adding dollar-for-dollar the amount of any downpayment and funding fee to be paid by the purchaser.

The selling broker will complete the appropriate calculation (cash or term) on VA Form 26-6705, Offer to Purchase and Contract of Sale. The amount of the sales commission and sales bonus must be included and deducted from the bid price, or the sales broker **WILL NOT BE PAID** their commission. **NOTE:** Expedited sales commissions **ARE NOT** deducted from the offered price in arriving at the net return to VA .

Title 38 U.S.C. 3729(b) prohibits collecting a vendee funding fee from a veteran who is receiving compensation, or who but for the receipt of retirement pay would be entitled to receive compensation or from a surviving spouse as described in 28 U.S.C. 3701(b)(2). Since Congress did intend this provision to benefit eligible applicants, stations will enhance the calculation of the net return from such offers as if a funding fee WERE BEING PAID, even though the funding fee will not be collected.

CALCULATING HIGHEST NET RETURN ON CASH OFFERS

To determine the net return to VA on a cash offer, all costs to be paid by VA will be deducted from the bid price. These costs include sales commission, sales bonus and any amount which the buyer requests that VA pay toward discount points, loan origination fees and closing costs. The total of discount points, loan origination fees and closing costs that VA will pay will not exceed what is reasonable and customary in the Louisiana real estate market. VA will only pay actual costs and reserves the right NOT to pay costs which in VA's judgment are unreasonable and are not customary.

FOR EXAMPLE: In the case of a list price , a cash offer of \$50,000 submitted on a property listed with a \$500 sales bonus, the purchaser is requesting that VA pay a \$450 origination fee, and \$900 in discount points and \$1,000 of closing costs on his/her behalf. The net to VA would be \$44,150 on VA Form 26-6705, item H, Net to VA.

CASH OFFERS

Cash on Hand - VA will allow **15 days** from the date of VA's acceptance letter **for closing** Cash-on-hand sales. Please provide the name, telephone number and mailing address of the closing attorney so that we can prepare the closing package upon acceptance.

Cash Financed - VA will allow **45 days** from acceptance **for closing** Cash-Financed sales. In all cases it is assumed the broker has pre-qualified and processed the prospective purchaser in order not to use the 45 days allowed as a processing period. Brokers should advise applicants that the Earnest Money Deposit **may** be forfeited if they withdraw an accepted offer or fail to close within the 45 day period. The closing Attorney will be the choice of the purchaser.

All cash offers submitted **MUST** include the following:

VA Form 26-6705 Original and one copy fully completed.
As Is Statement signed
Sales Commission Invoice collected
EMD Collected (Hold until notified)

GUARANTEED FINANCING

If a cash sale is to a veteran and is to be financed through a guaranteed or insured loan, both the veteran and the property must comply with the eligibility and other requirements of Title 38, Chapter 37 and of the regulations. If the purchaser(s) are on active duty, then he/she must complete the Counseling Checklist for Military Vendee Homebuyers, Exhibit IX.

If a cash sale is financed by a guaranteed, insured or direct loan and the sales price exceeds the reasonable value, it will be necessary for the veteran to pay in cash from his/her own resources a sum equal to the difference, if any, between the purchase price or cost of the property and its reasonable value.

When an acceptable cash offer will be secured by government-guaranteed or insured financing AND the property is believed to meet Minimum Property Requirements (indicated by special condition "M" on the VA sales listing), a Certificate of Reasonable Value may be issued by VA for inclusion with the buyers application to the lender of his/her choice. If this CRV is accepted by the lender in lieu of an appraisal, a compliance inspection will be required prior to closing. The cost of this compliance inspection may be included in the cost to be paid by VA shown on the contract or may be borne by the buyer.

CASH OFFERS PROCESSING

Upon acceptance, VA will forward the signed contract and the acceptance letter to the Sales Broker. The title documents necessary for closing and the executed Cash Sale Deed will be forwarded to the closing Attorney upon receipt of his/her name and mailing address.

CLOSING COSTS

VA will pay reasonable and customary charges toward closing, discount points, and loan origination fees (on cash sales only) excluding sales commission in which the purchaser obtains outside financing. and the net to VA meets the Minimum Acceptable Net Return. Each of the above costs must be stated with that exact dollar amount on lines B, C, and D of VA Form 26-6705, Offer to Purchase and Contract of Sale. VA will only pay actual costs and reserves the right not to pay costs which in VA's judgment are unreasonable and are not customary.

THERE WILL BE NO INCREASE IN THE AMOUNT OF CLOSING COSTS PAID BY VA AFTER ACCEPTANCE BY VA.

CALCULATING HIGHEST NET RETURN ON TERM OFFERS

To determine the net return to VA from a vendee-financed offer, the Cash Equivalent Value of the offer must first be calculated. After the Cash Equivalent Value is calculated, then the amount of the sales commission and any sales bonus will be deducted from the Cash Equivalent Value to arrive at the net return.

FOR EXAMPLE: In the case of a list price term offer of \$50,000 with a 5 percent downpayment on a property listed with a \$500 sales bonus and assuming a Cash Equivalent Factor of 96 percent, the net return to VA would be \$45,550 as shown in Exhibit XI.

TERMS OFFERS

The Credit Statement of Prospective Purchaser, VA Form 26-6705b will serve as a credit application and will be submitted only when the prospective purchaser is seeking vendee financing to complete the sale transaction. This form will not be submitted in connection with cash sales. Only the original of the form is required to be submitted to VA and will be submitted at the same time the purchase offer VA Form 26-6705 is transmitted. A separate credit statement VA form 26-6705b will be required from any co-purchaser who is not the spouse of the purchaser.

Joint offers may be submitted. Where the offer submitted is a terms or VA financed offer, a VA Form 26-6705b must be submitted on each purchaser. To pre-qualify applicants see section titled "Credit Analysis", page of this publication.

Sales to persons who are single, married, or legally separated prior to January 1991 require no special action in the closing of the sale. However, if a married individual is purchasing the property without his/her spouse, or if not legally separated prior to January 1991, it is required that the spouse join in executing the mortgage.

PLEASE ALLOW FIVE WORKDAYS FOR NOTIFICATION OF ACCEPTANCE OR DENIAL OF OFFERS. Since our PM information systems are update daily, you may be able to obtain information sooner through those services. You may reach our telephone system with a touch tone telephone at 1-800-9VABUYS or the Computer Information System at (504) 589-3900. We allow four weeks for the processing of an offer which includes receipt of all requested information and verifications, and two weeks from the date of approval for closing the sale.

There must be a complete response to every item on the 26-6705 and 26-6705b, or a "N/A" or 0 response. No items should be left blank. Failure to complete items on any of these forms may result in the denial of your offer.

A \$40.00 Mortgage Credit Report fee will be charged at closing on all sales to single or married

purchasers. A \$40.00 fee will be charged to each purchaser in a joint but unmarried situation.

All terms offers submitted ***must*** include the following:

26-6705 Original and one copy fully completed.

26-6705b Original fully completed (one for each applicant if not married).

An original pay stub not more than 60 days old.

If on Active Duty:

- (1.) An original Leave & Earnings Statement showing date service will terminate
- (2) VA Form 26-0160 Counseling Checklist
- (3) DD Form 1747

A fully completed Addendum to Offer to Purchase which includes the As Is Statement, Offer Checklist and the Sales Commission Invoice.

FUNDING FEE

Public Law 98-369, The Deficit Reduction Act of 1984, which was signed into law on July 18, 1984, requires that a funding fee be collected from each person obtaining a vendee loan to purchase a VA acquired property. The fee must be collected incident to the closing of any vendee loan which occurs on or after August 17, 1984. This funding fee is to be collected in cash or certified funds at closing and may not be added to the loan balance. The fee will be reflected in item 14 of the VA Form 26-6714, Sales Closing Statement, as an adjustment due VA.

This vendee loan funding fee may not be collected from a veteran who is receiving compensation (or who, but for the receipt of retirement pay, would be entitled to receive compensation) or from a surviving spouse as prescribed in 38 U.S.C. 1801 (B)(2). However, the funding fee will be included in the calculation in Section II item F of VA Form

26-6705 as if the funding fee were being paid, even though the funding fee will be not collected.

INTEREST RATES

The interest to be charged will be the current rate established by VA Central office, in Washington, D.C. The interest rate will be listed on each Newspaper Multiple Sales Listing.

Once an offer to purchase is accepted for processing, the interest rate in effect at the time of acceptance will be the highest rate charged.

TERMS OFFER PROCESSING

Upon acceptance, written notification will be forwarded to both the sales broker, and the applicant. The acceptance letter will list any documents or information needed to approve the purchaser's application. This information must be received within 10 days of our request. FAILURE TO SUBMIT THE REQUESTED INFORMATION COULD RESULT IN THE DENIAL OF THE OFFER.

TERMS SALE CLOSING

VA will telephone the Sales Broker/Agent with the sale information, prepare closing documents and forward it to the closing attorney.

When notified of the sale date, the Sales Broker/Agent should remove all VA material from the property and deliver to the VA Management Broker no more than one day prior to the sale. In return, the Sales Broker/Agent will receive a receipt for these materials (which is needed by VA to release the sales commission check), and the "change key" to the property.

Closing costs on term sales will be paid by the purchaser and will include:

- * (1) Funding Fee (Current funding fee shown on the Newspaper Sales Listing)
- * (2) Usual prepaid escrow items, i.e. 3 months of taxes and 2 months of insurance
- * (3) Prepaid interest
- * (4) Mortgage Credit Report for each individual or married couple
- (5) \$125.00 Recordation fee
- (6) In sales of properties located in Orleans Parish, purchasers will be required to refund VA for taxes paid in advance, if any.
- (7) Parish/City taxes due for the current year, even if the property will be owner-occupied.
- (8) One year Hazard Insurance Policy in the amount of the mortgage.
One year Flood Insurance Policy, if required.
- (9) Down payment if applicable.
- (10) \$300 Attorney Fee

The \$500.00 Earnest Money Deposit will be credited to the above purchaser's closing costs with the () next to the number..

Prior to closing the Sales Broker/Agent and purchaser may request a copy of the HUD 1 and VA Closing Statement (VA Form 26-6714), which will show the amount due VA on line 10. If the amount on line 10 is in parenthesis, that amount will be refunded to the purchasers after closing.

CREDIT ANALYSIS (VA FINANCING)

In sales on terms, the protection of VA's interest requires a thorough and realistic review and analysis of the credit risk and standing in the community of the prospective purchaser and of all other conditions affecting the desirability of the proposed sale.

Although specific guidelines are set as to requirements for qualifying for a loan,

consideration of marginal or slightly sub marginal credit risk may be made upon examination of other important factors. Therefore, it is important to remember that figures provided should be used as a guide and will not automatically trigger approval or rejection of a loan.

Balance available for family support will be calculated by deducting monthly shelter expenses and all debts and obligations from the net income.

Family Size	Residual Income for	
	79,999 or less	Loan Amounts of 80,000 or more
1	\$382	\$441
2	641	738
3	772	889
4	868	1003
5	902	1039

Debt to income ratio is calculated by dividing the total monthly shelter expenses and debts and obligations by the gross income. The ratio should be rounded to the nearest two digits i.e., 35.6% would be rounded to 36% or 38.3% would be rounded to 38%. **A desirable ratio would be 41% or below.**

See Exhibit VI, Income Analysis Worksheet which will assist you in qualifying purchaser(s).

BANKRUPTCY

Chapter 7-When the credit information shows that the borrower or spouse has been adjudicated bankrupt under the "straight" liquidation and discharge provisions of the bankruptcy law, this would not in itself disqualify the loan. However, in such cases it is necessary to develop complete information as to the facts and circumstances concerning the bankruptcy.

A bankruptcy discharged more than 5 years ago may be disregarded. A bankruptcy discharged between 3 and 5 years ago may be given some considerations, depending upon the circumstances of the bankruptcy, and

submission of evidence that the applicant has been paying his or her current obligations in a timely manner.

Chapter 13, Wage Earner's Petition - A wage earner's petition under Chapter 13 of the Bankruptcy Law filed by the borrower or spouse is indicated of an effort to pay their creditors. *When the borrowers have made all payments in a satisfactory manner, they may be considered as having reestablished satisfactory credit.* When they apply for a home loan before completion of the payoff period, favorable consideration may be nevertheless be given if satisfactory payments have been made for at least 12 months.

FORECLOSURES

If the credit information shows that the purchaser or spouse has had a foreclosure on a prior mortgage, this will not in itself disqualify the purchaser from obtaining a loan. VA will develop for information as described above in the Bankruptcy guidelines for cases involving foreclosure.

FEDERAL DEBTS

A purchaser or spouse with a Federally Assisted Loan (i.e. Student Loan) or any debt with the Federal Government will not be considered a satisfactory credit risk for a loan if the purchaser is presently delinquent or in default on any federal debt. **The purchaser or spouse may not be approved for a loan until the delinquent account has been brought current or satisfactory arrangements have been made between the borrower and the Federal Agency, or the Judgment is paid or otherwise satisfied.** Of course, the purchaser or spouse must also be able to otherwise qualify for the loan from an income and remaining credit standpoint.

HAZARD INSURANCE

In sales on terms, the purchaser will be required to supply to VA, at the time of sales closing, a hazard insurance policy (and flood insurance policy, if property is located in a flood hazard area) with appropriate endorsements naming VA as an insured. The purchaser must be informed that he/she has the right to select the agent and insurance carrier. The policy will be accompanied by evidence of payment of the premium for one year. In all cases policy loss payee clauses will read: THE SECRETARY OF VETERAN AFFAIRS, HIS/HER SUCCESSORS OR ASSIGNS, C/O SEASONS MORTGAGE GROUP, INC., 9325 MIDLOTHIAN TURNPIKE, SUITE A, RICHMOND, VA 23235.

IN NO CASE SHOULD THE INSURANCE PREMIUM BE FINANCED.

TAXES

Sales to investors require establishment of tax escrow accounts.

Sales to owner/occupants will initially include the establishment of tax escrow accounts. However, if the purchasers apply for and obtain a Homestead Exemption March 3, 1998 the tax Homestead

Exemption the tax and escrow account and mortgage payments will be adjusted UPON PRESENTATION OF THE HOMESTEAD EXEMPTION TO SEASONS MORTGAGE..

Sales of properties in Orleans parish will require the purchaser(s) to reimburse VA for taxes paid in advance as required by the Tax Assessor. The amount to be refunded to VA will be prorated from the date of sale to December 31, of the current year.

INSTALLMENT DUE DATE

The installment due date for all vendee accounts will be first day of each month. The due date for the first installment on new portfolio loans will be established as the first day of the second month following the loan closing. Although interest on mortgage loans is generally paid after the money is used, in order to adjust the payment date to the first of each month, the borrower will be required to pay the interest, in advance, from the closing date through the end of the month in which the closing takes place. Such interest will be collected from the purchaser at the time of sales closing and will be shown in item 14A of VA Form 26-6714, Sales Closing Statement. In the vendee

loan record, the date element 'Data Interest Begins' will be established as the first day of the month following closing, and the data element 'First Installment Due Date' will be the first day of the second month following closing.

PREPAYMENT OF LOAN BALANCE

The closing instrument permits prepayment of the entire unpaid balance at any time without premium or fee, or payments in amounts not less than the amount of the periodic payments of principal and interest, or \$100 whichever is less.

INVESTMENT PURCHASERS

If an investor chooses VA financing, a 10% downpayment will be required unless otherwise indicated on our sales listing. An investor may purchase one to five acquired properties during any 6 month period of time using VA financing. Upon purchasing the fifth property, no additional sales may be approved until the purchaser has demonstrated his/her ability to maintain all previous loan accounts in a satisfactory manner over a period of 6 months or more commencing with the due date of the first payment of the latest loan account. A funding fee will be collected in cash or certified funds at the act of sale.

Investment purchasers must be able to provide the following documents upon request:

- a. copies of previous two year's income tax returns with all schedules and original signatures
- b. original recent pay stubs for each applicant (dated within 30 days) or a current profit and loss and balance sheet prepared by a Certified Public Accountant as verification of income.
- c. copies of leases or rental agreements
- d. a breakdown of property owned which includes
 1. the property address
 2. the name of the lender
 3. the account number
 4. the amount of the loan balance
 5. the amount of monthly payments
 6. the amount of monthly rents collected